e-comm

E-commerce experts dispense their advice

Here's how four cyberpundits view electronic commerce, and wise ways of cashing in.

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Special to The Globe and Mail

As the world of electronic commerce grows, so does the business of dispensing advice to those looking to make their millions on the Internet. Here, four of the E-commerce experts offer up their observations, forecasts and a little free advice.

Doug McCuaig

Senior vice-president, Ernst & Young

Background: Mr. McCuaig was a member of E&Y's telecommunications-strategy group for eight years before focusing on E-commerce. He is the national practice leader of the firm's E-commerce incubator team.

Claim to fame: Among his team's achievements was the creation of Canadian Tire Corp. Ltd.'s eFlyer, which he says was the Internet world's first electronic-advertising flyer, sending customized information to subscribers' desktops weekly.

Biggest impact of E-commerce: "E-commerce has created the new shopping centre, a new distribution channel in recognition that people are multitasking." Although people used to use TVs for entertainment and telephones for communication, soon it will be the norm for them to watch a program and shop on-line on the same TV set or even to drive and shop using a personal communications system.

Biggest trend: Mr. McCuaig sees two trends as important: business-to-business use of E-commerce to trim costs and boost efficiency, and a realization by businesses that the Internet places increased emphasis on customer relationships. The Internet, he says, levels the playing field for companies reaching out to customers, and that has prompted firms to focus on what they do best, often working with other companies to complete the picture. He points, for instance, to companies such as Amazon.com Inc., which lists items to sell while leaving the shipping and handling to related independents.

Growth predictions: Mr. McCuaig predicts E-commerce will experience sustained growth because of "customer pull." He believes users will continue to be attracted by the convenience of Internet shopping.

Winners and losers: "The winners will be those who are open to change. It's tough trying to be fast, but it's even more important to smaller businesses with no infrastructure." The flip side, of course, is that the losers will be those who can't keep up or fail to recognize that E-commerce is fast becoming one of the key pillars of competition, he notes, adding that the adoption rate of the Internet is about the same as that for television when it was introduced.

Key advice: "Transform or die," says Mr. McCuaig, who observes that although the growth of E-commerce is exciting, "the hardest thing is being successful" in learning to compete in the new market, not only locally but also globally.

Jim Carroll

J.A. Carroll Consulting, Author and columnist

Background: Mr. Carroll started not in the realm of technology, but as a chartered accountant, which he credits for part of his success. While he developed an abiding passion for the wired world, his business background helped him translate technology for the non-techie world.

Claim to fame: A true Canadian E-commerce guru, whose opinions are sought worldwide. Author/co-author of more than two dozen books, including the classic *The Canadian Internet Handbook,* which he wrote with Rick Broadhead. The two have a couple of new books coming out this fall: *Selling On-Line: How to Become a Successful E-Commerce Merchant in Canada* and *From Lightbulb to Yottabits: How to Profit By Understanding the Internet of 2005.*

Biggest impact of E-commerce: "The real magic of E-commerce is that it's leading to a paperless society for the business world, which reduces the cost of doing business."

Biggest trend: One of the most significant trends Mr. Carroll sees is the sometimes confusing move of companies to compete against themselves. For example, airline passengers can buy tickets on-line, posing new challenges to travel agents selling the same product. Similarly, consumers have the option of buying through a company on-line or going into a store. These issues have created new challenges for the business world.

Growth predictions: Mr. Carroll sees even bigger growth in a decade or two as today's children grow up. "Boomers have got baggage" that limits their willingness to use technology, but today's computer-savvy kids will become dedicated on-line consumers, he says.

Winners and losers: Winners will think strategically, re-engineering their organization to include the Internet; losers will be those who sit back and discount the Internet. "The guy who says, 'The Internet gives me a headache' — now there's a loser."

Key advice: "E-commerce is not about making money but about saving money." The desire to shop in person means that virtual stores will never fully replace bricks-and-mortar destinations, he says. But E-commerce can be relied upon to trim business costs, Mr. Carroll says. For example, an order placed on the Internet saves postage; offering the Internet option gives potential customers another place to go without adding to infrastructure costs, he says.

Rick Broadhead

Rick Broadhead & Associates
Consultant, author, speaker

Background: An MBA, Mr. Broadhead "stumbled" into the Internet world because of his curiosity about telecommunications. His interest in E-mail grew, and led to his hookup with Mr. Carroll.

Claim to fame: Along with bestselling books and major clients, Mr. Broadhead is about to add an item to his list this month with the launch of a syndicated educational comic panel on E-commerce and the Internet.

Biggest impact of E-commerce: "The Internet is forcing people to re-examine how they do business." That translates to new standards of customer service. Companies have to look at how the Internet is affecting everything from finance to marketing.

Favourite trend: "Skeptics are becoming believers." Mr. Broadhead points to the chairman of Home Depot Inc. in the United States, who said that focusing on the Internet was a tragic mistake. A few months later, his company launched its own on-line shopping service.

Growth predictions: New business will be spurred on by convenience, price and access to products from all over the world.

Winners and losers: "Winners will be those who can recognize future trends and capitalize on them, while the losers will be the skeptics," because consumers can now buy anything from furniture to groceries on-line.

Key advice: "The hardest thing to deal with has to be change, but learning how to do that is essential, as new competitors are coming out of nowhere and becoming household names."

Chuck Ormrod

Tax partner, information, communication and entertainment practice, KPMG

Background: An adviser on E-commerce taxation issues since 1996.

Claim to fame: Mr. Ormrod is a founding member of KPMG's international taxation task force on electronic commerce and a contributor to the federal Revenue Ministry's advisory committee on electronic commerce.

Biggest impact of E-commerce: "From a taxation standpoint, E-commerce has overturned the traditional bricks-and-mortar rules of taxation. In the world of bits and bytes, E-commerce businesses have infinite mobility. Consequently, E-commerce businesses can be located anywhere to attain optimum tax advantages."

Predictions for growth: Over the coming years, bandwidth will increase and consumer reticence will decline, contributing to continued growth. E-commerce businesses will be set up as much for taxation advantages as for commercial cost effectiveness. More and more companies will become international in scope, and the critical size required to make this jump effective will continue to decline. Essentially, micro-businesses will begin to serve the world.

Winners and losers: Winners in the E-commerce world will include early adopters who establish market share and brand name. Smart firms will also include taxation consequences in their commercial planning.

Key advice: Think ahead. Strategic planning early in the game, including the implementation of an international structure, can reduce taxes. Developing an E-commerce strategy without taxation advice could lead to unforeseen tax problems down the road. "After the value of an E-business has been created, it is generally impossible to create tax-effective strategies," Mr. Ormrod says.